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## Egypt's Farm Trade With the United States and USSR

Foreign Agricultural Service
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This week's cover:

**In the shadow of Egypt's pyramids, an ancient method of lifting irrigation water, based on the Archimedes' screw principal, is still used. Major features of Egypt's changing agricultural trade with the United States and the Soviet Union begin on this page and page 3.**



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# Egypt Resumed Purchases of U.S. Wheat and Flour in 1973

By JOHN B. PARKER, JR.
*Foreign Demand and Competition Division*
*Economic Research Service*

After 5 years of importing virtually no U.S. wheat and wheat flour, Egypt reentered the market for U.S. grains and products last year, purchasing 426,000 tons of U.S. wheat and 53,500 tons of wheat flour—together worth some $50 million.

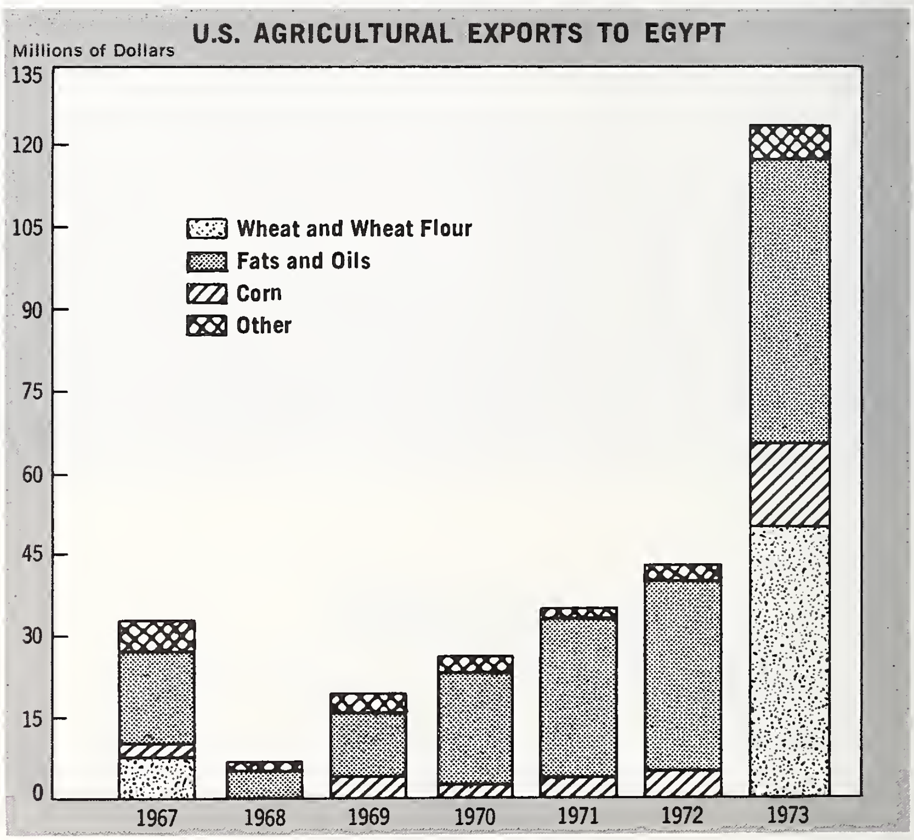
As a result of the purchases, which represented about 1 percent of U.S. wheat exports last year, the value of total U.S. farm exports to Egypt rose to $123 million, and the United States moved ahead of Australia to become Egypt's top supplier of farm imports.

In early 1974, Australia was again the major supplier of wheat to Egypt, under a contract to supply 1 million tons this year. U.S. deliveries early in 1974 were ahead of last year's level.

A key factor in Egypt's increase in imports of U.S. grains and other products in 1973 was a substantial improvement in the country's foreign exchange position, which has limited food purchases in recent years. In particular, inflows of convertible currency from oil-rich Arab countries for investments and loans rose last year and are continuing to advance in 1974.

Egypt's trading position is being strengthened by expanded export revenues, which totaled $1 billion last year. A shift in export destinations from the USSR and Eastern Europe to Western Europe and Mideast markets has also enlarged foreign exchange holdings.

Egypt also resumed large-volume



shipments of U.S. corn last year. Imports of U.S. corn reached 180,000 tons for $16 million last year—doubling 1972's level. A substantial increase is predicted for 1974—an early purchase totals 130,000 tons. Corn is an important food staple in Egypt, and Government flour mills use corn meal for blending with wheat to produce bakery products.

Prior to the Arab-Israeli war in 1967, the United States supplied over half of Egypt's food imports, mostly through Public Law 480. As a result of a diplomatic break, as well as shortened U.S. supplies in the late 1960's, Egypt's imports of U.S. farm products fell to a low of $7.2 million in 1968.

But Egypt's cash purchases of U.S. farm products have increased steadily since the late 1960's and all but about $1 million this year will be for Commodity Credit Corporation (CCC) credit or cash. Moreover, Egypt's purchases of U.S. farm products this year could even surpass the record $191 million imported a decade ago, partly because of higher prices for farm products.

Before large grain shipments were renewed in 1973, vegetable oils and tallow were the most important U.S. farm exports to Egypt. Some U.S. tobacco and relatively small amounts of soybean meal and mixed feed also went to Egypt in 1973.

Egypt accounts for about a third of all U.S. exports of cottonseed oil, largely because demand for cooking oil continues to exceed available supplies. U.S. exports of cottonseed oil to Egypt reached $30 million last year.

Egypt also purchased about 60,000 tons of U.S. tallow valued at $21 million in 1973. Urbanization and improved living standards have contributed to a rise in tallow demand for soap manufacture. Imported tallow is also needed for manufacture of cosmetics for export—now a $12 million business.

Egypt's growing demand for cigarettes—both for domestic and export use—has contributed to revived purchases of U.S. tobacco. Although U.S. tobacco exports to Egypt tripled in value in 1973, compared with 1972, they still remained below the peak of the early 1960's, when most purchases were under Public Law 480.

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# Rise in Commodity Prices Alters Egypt-USSR Farm Trade

By JOHN B. PARKER, JR.
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THE SOVIET UNION—Egypt's major farm market during the past decade—is likely to receive a smaller share of Egypt's farm exports this year, although higher commodity prices will keep trade value high.

Although trade agreements provide for an exchange of products on a planned basis, Egypt has reduced the volume of cotton and rice—its top agricultural exports—to the USSR for the past 3 years. Underlying the decision are excellent opportunities to sell these products in other markets, especially in Europe.

The striking price gains for cotton and rice that occurred in 1973 maintained the value of Egypt's exports to the Soviet Union near planned levels, even though the export volume was below peak levels recorded several years ago. Good crops of cotton and rice in the Soviet Union in 1973 coincided with Egypt's arrangements to divert more of these commodities to other purchasers.

Meanwhile, Egypt is changing and expanding the product mix of its exports to the Soviet Union. Shipments of cotton yarn, textiles, furniture, shoes, carpets, and light manufactured items are on the upswing. The Soviet Union has been an easy market for Egypt to enter with new products such as cut flowers, strawberries, and tomatoes.

Major products supplied by Egypt to the USSR during the past decade include cotton, rice, oranges, and onions. These have been exchanged for Soviet machinery, equipment, and forest products. Total Soviet exports to Egypt increased from $281 million in 1967 to a peak of $381 million in 1971, dipping to $322 million in 1972. Soviet imports from Egypt rose from $145 million in 1967 to $334 million in 1971, but dropped to $299 million in 1972. Thus, Egypt's trade deficit with the Soviet Union is narrowing, largely because of rising prices for the farm products sent to the USSR. Egypt is likely to continue to enhance its trade position this year.

The downswing in the value of Egypt's exports to the Soviet Union in 1972 was caused largely by a drop in exports of raw cotton and rice. Stronger demand for Egypt's short-grain rice domestically and in other export markets caused rice exports to fall to 164,000 metric tons from 1971's 182,000 tons.

Moreover, Egypt's shift from cotton fiber exports to shipments of cotton yarn, textiles, and cloth caused the value of farm products purchased by the Soviet Union to slump in 1972. Cotton's share of Soviet farm imports from Egypt declined from 87.5 percent in 1962 to only 34 percent in 1972, while the share provided by cotton products increased from 6.7 to almost 20 percent during the same period.

*"Egypt has reduced the volume of cotton and rice—its top exports—to the Soviet Union for the past 3 years. Underlying the decision are excellent opportunities to sell . . . in other markets, especially in Europe."*

Egyptian exports of cotton garments, particularly underwear, to the Russian market have increased sharply in recent years. Russian consumers apparently like the interesting designs printed on Egyptian fabrics and clothing. Yet clothing still accounts for a small part of Egypt's exports of manufactured cotton goods to the Soviet Union and cotton yarn remains in a stronger position. Soviet imports of Egyptian cotton yarns increased from an initial 2,000

tons in 1962 to average about 10 times higher during 1970 through 1973.

The Soviet Union took about two-fifths of Egypt's total cotton exports in 1970, but less than one-third of the shipments in 1972 and 1973. Soviet cotton imports from Egypt fell from a peak of 122,700 tons for $158 million in 1970 to only 69,000 tons in 1972 for $102 million. Egyptian extra-long-staple cotton is blended with Soviet cotton to raise the quality of dresses and shirts and improve fabric strengths.

Rapid growth in Egyptian exports of other farm products have helped to offset the decline in cotton. Egypt sent 89,000 tons of oranges to the USSR in 1971, compared with only 800 tons in 1962. Egypt now ranks next to Morocco as a supplier of oranges to Russia, which takes over 70 percent of Egypt's exports of oranges.

Soviet technical assistance to Egyptian agriculture has been extensive. Soviet technicians have developed productive citrus groves, vineyards, and winter gardens in areas recently converted from desert. A large part of the farm output from these Western Desert areas is scheduled for export.

Although desert soils in Egypt are not immediately productive when irrigated, desert development has been hastened by cultivating orchards rather than row crops, using water from the Aswan High Dam.

Silt that is collected from irrigation canals in the Delta is carried to desert areas and spotted at sites where an orange tree or grape vine is to be planted. Thus, a larger area can be cultivated than would be possible if an entire area were silted or spread with topsoil.

The Soviet Union increased imports of Egyptian fresh vegetables from only 200 tons in 1962 to a peak of 49,300 tons in 1971, but imports dropped back to 41,700 tons in 1972. Gains are anticipated in 1974 and the mix of vegetables is scheduled to become more diversified.

Onions accounted for over 90 percent of the vegetables imported from Egypt in 1971, but less than 70 percent of deliveries this year are expected to consist of onions.

Egypt has substantially increased shipments of winter tomatoes, green pepper, garlic, and green beans to the Soviet Union in the last several years. Still, the volume of this trade remains smaller than purchases of vegetables by Russians stationed in Egypt.

*"Egypt's trade deficit with the Soviet Union is narrowing, largely because of rising prices for farm products sent to the USSR."*

While stationed in Egypt, many Russians became acquainted with various Egyptian products which they apparently liked. Soviet imports of alcoholic beverages from Egypt increased from an initial $292,000 in 1967 to $10.8 million in 1972. Egypt was the major source of Russian rum imports in some recent years and the second major supplier of beer imports, but well below Czechoslovakia, the major foreign supplier. Imports of cognac and wine have fluctuated widely. Soviet imports of canned mango juice and guava juice from Egypt have also increased.

Some Egyptian farmers earn more than $2.000 per acre from growing jasmine and cut flowers for export. Soviet imports of jasmine products from Egypt jumped from $1.5 million in 1969 to $6.2 million in 1972. Egypt's convenient supply of essential oils and other ingredients has bolstered Soviet imports of soap and cosmetics. A major ingredient of Egyptian soap is tallow imported from the United States.

Egyptian exports of cigarettes to the Soviet Union have trended upward and now exceed $1.5 million annually. Egyptian purchases of U.S. tobacco for blending in two of the leading export brands tripled in 1973.

Total Soviet agricultural exports to Egypt rose from $1.2 million in 1965 to a high of $77 million in 1967, when wheat deliveries peaked at 1 million tons valued at $68 million. Wheat exports have not reached even $30 million in any year since then. Wheat shipments continued during 1968-71, but halted after 1971, when only 200,000 tons were shipped.

Shipments of sunflower oil from Black Sea ports to Egypt increased from 12,000 tons in 1966, to 17,000 tons in 1967, and then rose to a high of 39,400 tons in 1969. Deliveries of sunflower oil were maintained at over 20,000 tons annually until 1971, when a decline in imports was offset by increased supplies of soybean oil from a number of other sources.

Shipments of Soviet sugar to Egypt have fluctuated widely, reaching 81,000 tons in 1967 to ease wartime shortages and ceasing after 1971 when 8,900 tons were imported.

Poor Soviet crops caused Soviet agricultural exports to Egypt to plummet to about $5 million in 1972, when lard, tallow and tobacco were items of measurable importance.

SOVIET UNION: AGRICULTURAL IMPORTS FROM EGYPT
[In million dollars][1]

| Year | Cotton | Rice | Oranges | Fresh vegetables | Dry vegetables | Peanuts | Jasmine products | Beverages | Other | Total farm | Nonfarm | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1965.... | 111.6 | 9.5 | 2.4 | 2.1 | 0.6 | 0.2 | — | — | 0.2 | 126.6 | 36.7 | 163.3 |
| 1966.... | 94.6 | 10.4 | 1.8 | 1.8 | .1 | .1 | — | — | .2 | 109.0 | 38.6 | 147.6 |
| 1967.... | 67.4 | 26.1 | 2.2 | 2.3 | — | .6 | — | 0.3 | .3 | 99.2 | 45.8 | 145.0 |
| 1968.... | 67.0 | 28.9 | 5.4 | 3.9 | .5 | .7 | — | 4.2 | .5 | 111.1 | 59.4 | 170.5 |
| 1969.... | 80.1 | 32.2 | 9.4 | 8.7 | .3 | — | 1.5 | 5.4 | 1.7 | 139.3 | 88.7 | 228.0 |
| 1970.... | 158.1 | 30.1 | 9.9 | 7.9 | .4 | — | 2.3 | 4.4 | 1.0 | 214.1 | 96.1 | 310.2 |
| 1971.... | 151.3 | 23.9 | 14.6 | 9.2 | .1 | — | 5.0 | 7.6 | 1.3 | 213.0 | 121.0 | 334.0 |
| 1972.... | 102.0 | 23.0 | 14.1 | 9.5 | .2 | 1.1 | 6.2 | 10.8 | 1.5 | 168.4 | 131.2 | 299.6 |

[1] For 1965-71, 1 ruble = US$1.11; in 1972, 1 ruble = US.1.21. Source: Foreign Trade Statistics of USSR.

*Rice is harvested in Egypt using the traditional hand sickle, left. Exports of Egyptian rice, cotton, and cotton products move to India and Eastern Europe under trade agreements. Below, a buffalo and cattle breeding station at Behalet Moussa.*

*Tomatoes are sold from a pushcart in Cairo, left. Bakery products, above, are popular in Egyptian diets. Over 90 percent of bakery goods sold in major cities is made from imported wheat or wheat flour.*

## Egypt Buys U.S. Grains

*Continued from page 3*

Through 1966, blends of the two leading Egyptian cigarette brands—Cleopatra and Belmont—contained a high proportion of U.S. leaf. As U.S. leaf imports declined, the proportion from other sources increased. Now, rising exports of Egyptian cigarettes have precipitated a return to higher imports of U.S. leaf for blending.

Egypt's shortage of foreign exchange in recent years has limited imports of frozen poultry—once a major import item from the United States. Although new commercial broiler operations are meeting part of Egypt's rising meat needs, a spectacular improvement in foreign exchange earnings will be necessary before meat imports rise to a level sufficient to meet demand.

In 1965, long lines of shoppers awaited the arrival of U.S. frozen chickens at Cairo shops. Customers were allowed to purchase only one chicken at a time because of the strong demand. Live domestic chickens cost 75 U.S. cents per pound in 1965, compared with 40 cents per pound for imported frozen chickens.

Unlike many other developing countries, Egypt does not plan to become self-sufficient in food. Instead, Egypt plans to boost its foreign exchange earnings through attracting investments, providing services, and increasing nonfood exports. Other factors that suggest that the upward trend in agricultural imports, evident since 1970, will continue include:

• Egypt's population growth is about 800,000 annually, and population now totals over 36 million people.

• Cropland per capita is declining, and crop yields, already at high levels, are not expected to advance much. Despite ambitious irrigation projects, the area of cropland is still only 6.5 million acres and is expanding by less than 60,000 acres annually. Egypt now has only one-sixth of an acre of cropland per person, compared with 1 acre for each person 60 years ago.

• Egypt's farmers have found it more profitable to grow intensive crops like cotton and vegetables than wheat. They are content to let foreign suppliers provide most of the country's rising demand for wheat, corn, vegetable

oil, and livestock products.

• As per capita income rises, Egyptians hope to improve the quality of their diets. They already receive an average of about 2,800 calories per day and further gains are anticipated.

• Fixed prices for basic food items are relatively low.

• Urbanization and industrialization, combined with full employment policies, will increase the number of families able to afford more food.

Total grain use in Egypt approximated 10 million metric tons in 1973. Of this, about 3.6 million tons were imported, compared with 1970, when only about 1.3 million of the 7.2 million tons of grain utilized were imported.

The higher level of utilization can be traced to rapidly rising demand for bakery products in urban areas, since most of the domestic output of wheat and coarse grains is utilized in the countryside where it is produced. Over 90 percent of bakery products sold in cities with over 100,000 population are made from either imported wheat or wheat flour. Government price controls have kept bakery prices low.

Egypt's wheat imports have fluctuated widely during the last decade. Between 1960 and 1966, the United States was the major supplier. Imports of U.S. wheat peaked at 1,156,000 tons in 1966, but fell to only 150,000 tons in 1967, draining the P.L. 480 pipeline. Shipments under Title 1 of P.L. 480 enabled Egypt to receive large quantities of wheat and other needed agricultural commodities without spending scarce foreign exchange reserves.

When deliveries of U.S. wheat ended after mid-1967, the USSR became Egypt's major supplier. Since 1967, however, imports of Russian wheat have fallen far below the 1 million tons delivered that year. In 1968, France and Romania were larger suppliers than the USSR, which fell to third place. France continued in the lead in 1970, when even Italy and West Germany delivered more wheat to Egypt than the USSR.

EGYPT: GRAIN IMPORTS BY COUNTRY 1964-72 AND 1973 ESTIMATE
[In 1,000 Metric Tons]

| Commodity and country | 1968 | 1969 | 1970 | 1971 | 1972[1] | 1973[2] |
|---|---|---|---|---|---|---|
| Wheat: | | | | | | |
| United States | — | — | — | — | — | 426 |
| Australia | 13 | — | — | 1,082 | 1,805 | 625 |
| Canada | — | — | — | 421 | — | — |
| USSR | 304 | 238 | 109 | 244 | — | — |
| France | 654 | 606 | 336 | — | 565 | 405 |
| West Germany | — | — | 133 | 15 | 5 | 212 |
| Italy | — | — | 227 | 89 | — | 275 |
| Romania | 451 | 27 | — | — | — | — |
| Bulgaria | 32 | 58 | — | — | — | — |
| Spain | — | 165 | 28 | — | — | — |
| Sweden | 13 | 33 | — | 15 | — | — |
| Mexico | — | — | — | — | — | — |
| Greece | 52 | — | — | 41 | — | — |
| Turkey | — | — | — | 10 | 140 | — |
| Iran | — | 105 | — | — | — | — |
| Other | 1 | 1 | 17 | 14 | 63 | 577 |
| Total Wheat | 1,507 | 1,200 | 850 | 1,931 | 2,578 | 2,520 |
| Wheat flour: | | | | | | |
| United States | — | — | — | — | — | 54 |
| Canada | — | — | 11 | — | 30 | — |
| Spain | 221 | 85 | 152 | 58 | 60 | — |
| Romania | 61 | 17 | — | — | 2 | — |
| France | 134 | 60 | 52 | 173 | 160 | 120 |
| West Germany | 69 | 6 | — | — | — | 30 |
| Italy | 70 | 60 | 51 | 113 | 125 | 106 |
| East Germany | — | — | 9 | — | — | — |
| Other | 3 | — | — | — | 183 | 200 |
| Total Wheat Flour | 560 | 228 | 275 | 344 | 560 | 510 |
| Total wheat flour in wheat equivalent | 778 | 317 | 382 | 478 | 778 | 709 |
| Total wheat and wheat flour | 2,285 | 1,517 | 1,232 | 2,409 | 3,356 | 3,229 |
| Corn | 132 | 43 | 73 | 39 | 92 | 230 |
| Rice | — | — | — | — | 5 | — |
| Sorghum | — | — | — | — | — | — |
| Total grain and Flour | 2,417 | 1,560 | 1,305 | 2,448 | 3,453 | 3,459 |

[1] Preliminary. [2] Estimate. Sources: Foreign Statistics of Arab Republic of Egypt through 1971. Grain Bulletin from Commonwealth Economic Committee and export data from Australia, Canada, and the United States for the 1973 estimate.

Egypt began to make large purchases of Australian wheat in late 1970, although the Port of Alexandria's customs records did not show imports from Australia until 1971. In 1971 and 1972, Australia was by far the major source of Egyptian wheat imports. Australian deliveries fell from a peak of 1.8 million tons during 1972 to about 615,000 tons during 1973.

Part of the shortfall in imports of Australian wheat was made up by a resumption in imports of U.S. wheat. Although Egypt received no wheat from the USSR in 1972 or 1973, considerable amounts were probably received from occasional suppliers. In 1965 and 1966, Mexico was an important source. Iran provided 105,000 tons in 1969 and in 1972, Turkey was the third major supplier.

Egypt was one of the world's major importers of wheat flour in the early 1960's, mostly because of large imports from the United States. Spain replaced the United States as the major supplier of wheat flour in 1967, to be replaced by France in 1971 and 1972. Higher prices for European wheat flour caused Egypt to resume purchases from the United States in 1973 and even larger sales are expected this year.

Egypt's corn imports declined from a total of 425,000 tons in 1964, when large supplies were received under P.L. 480, to only 39,000 tons in 1971. Because of CCC credit financing, corn imports from the United States rose to 92,000 tons in 1972. In 1973, U.S. corn exports to Egypt doubled.

Egypt's agricultural imports from the People's Republic of China, India, and Eastern Europe through trade agreements have increased in the past decade. Imports from these countries provide little competition for the United

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# Andean Pact Sees Integration As Way To Cut Farm Imports

THE SIX MEMBERS of the Andean Pact—Peru, Bolivia, Chile, Ecuador, Venezuela, and Colombia—are important traders on world markets—importing and exporting sizable amounts of agricultural products to and from such countries as the United States, the United Kingdom, West Germany, and among themselves. However, Pact members want to cut the outflow of foreign exchange by expanding imports originating inside the six-country region. Agricultural integration amoung the six is seen as an important step toward achieving this goal.

They also are investigating other plans that will probably include coordinated production, joint scientific research, larger intra-Pact commodity sales, and combined purchases of foods and agricultural supplies from non-Pact sources.

Many of the proposals came out of the first of what is expected to be a continuing series of meetings by representatives of the six Pact countries. Held at Pact headquarters in Lima, Peru, January 30-February 1, the first meeting was attended by Agricultural Ministers of the six countries and members of their staffs.

Those who attended the conference noted that integration—or achievement of their other proposals—will not be easy. However, they believe that, if effected, these policies will enable the subregion to become self-sufficient in production of most commodities it now imports, with the exception of wheat. Even here, Pact members expect to be able to reduce the area's requirements by large-scale use of substitutes and extenders.

Other sources believe Pact members cannot produce enough feedgrains or oilseeds and vegetable oils to meet their needs.

Studies have already been made—and new ones will follow—to determine how the import plan can be carried out, in view of its possible effects on the area's export availabilities and on consumer prices.

Although they failed to compromise some of their differences, the delegates agreed on 10 declarations of intention and seven resolutions outlining necessary steps to be taken if integration is to be achieved.

The declarations of intent in essence pledged Pact members to work toward regional agricultural integration, to coordinate national agricultural policies so as to reduce or replace imports from countries outside the Pact, and to harmonize the agricultural positions of the six countries in international bodies and meetings. They also stated an intention to intensify subregional scientific and technical exchanges so as to reduce dependence on third countries, to improve agricultural technology of the Andean subregion, and—where required—to revamp national agencies to more effectively promote integration.

Of particular interest is the session's declaration that—if food and production input imports are necessary—the six intend to make joint purchases so as to achieve maximum bargaining advantage.

The Pact's seven resolutions deal more with day-to-day operations that can be put into effect immediately or shortly after further refinement at future ministerial meetings.

THESE CALL FOR creation of an Agricultural Council and strengthening of Pact and Member country organizations to advance the concept of agricultural integration; devising joint programs of agricultural purchasing and development; initiating studies leading to possible coordinated crop and livestock insurance programs; and coordinating plant and livestock quarantine rules. The resolutions also call for the development of tropical forestry technology; establishment of other cooperative scientific programs tailored especially to the Andean subregion; and adoption of common positions by Pact members in international organizations.

The United States has long been a major trading partner with the subregion's countries, often taking most of their exports and providing a large share of their imports. For example, in past years the United States has taken as much as 50 percent of Colombia's total exports and an even larger share of Ecuador's. In the case of Peru, the United States in some years has bought as much as 35 percent of its exports and provided 40 percent of its imports.

U.S. Bureau of the Census data show that in 1973, the United States exported $451.7 million worth of food, live animals, beverages, and tobacco to the six-country subregion. The year before, these exports totaled $258.6 million.

Total agricultural exports by members of the Andean Pact totaled nearly

*Colombian poultry and Venezuelan cattle. Meat production in Andean Pact countries has expanded by 4 percent since 1970, poultry output by 20 percent annually.*

*Modern bread store in Quito, Ecuador. Andean Pact countries import about 65 percent of their wheat requirements.*

$1 billion in 1970, while imports reached $525 million. Only 12 percent, or about $65 million of the area's imports originated in other Pact countries. Colombia, Peru, and Ecuador are the largest exporters among the six. Exports generally include relatively few products per country. Coffee accounted for 80 percent of Colombia's agricultural exports and for 60 percent of the entire subregion.

There is consistency in the Pact's imports in that several agricultural products are imported by all or most member countries. In 1970, the subregion imported $166 million in wheat and flour, $68 million in beef, $56 million in edible fats and oils, $40 million in dairy products, and $25.5 million in cotton. Wheat and fats and oils were imported by all six countries; beef and livestock by Chile and Peru; dairy products by Bolivia, Chile, Peru, and Venezuela; and cotton and the remaining grains by Chile and Venezuela.

Pact members see considerable possibility for mutual trading and import substitutions within this pattern. There are significant variations in climate and soil resources within the subregion, and a potential for producing most products now imported. Only wheat—and possibly enough feedgrains, oilseeds, and vegetable oils—appears to be the exception, and even wheat production might be expanded.

Wheat, corn, sorghum, dairy products, fats and oils, and meats account for 85 percent of all agricultural imports. Quantitatively, imports of these commodities grew by 60 percent between 1970 and 1973, and their value increased much more.

Subregional wheat production has declined to about half of the level of the 1.56 million tons produced in 1970, mainly because of Chile's reduced output. About 65 percent of the area's total consumption requirements are now imported. Imports of some 3.4 million tons of wheat valued at over $400 million were needed in 1973. (All tons are metric.)

Corn and sorghum production in 1970 was estimated at slightly more than 3 million tons, with about 600,000 tons imported. Production appears to have dropped slightly since then, with a significant increase in imports to about 1.4 million tons. Increased demand results mainly from greater poultry and swine production.

Dairy production figures are unavailable for the region, but it is obvious from rising imports that output is lagging behind requirements. Total dairy product imports in 1973 were estimated at 210,000 tons, compared with 97,000 tons in 1970. At the present time, the only intraregional trade is in Colombian cheese, about 4,000 tons of which go to Venezuela annually and 200-300 tons to Ecuador and Peru.

Meat production within the Andean countries has risen by perhaps 4 percent over the 1.6-million-ton estimate of 1970. Some 65 percent of the total is beef, but poultry production is expanding by about 20 percent annually. In 1973, the region was expected to import 115,000 tons of meat, about 40,000 tons less than in 1972. Only about 10 percent of these imports are supplied from within the subregion.

Edible fats and oils availability within the subregion has increased by about 20 percent annually since 1970, largely because of more blending of fishoil by Peru in some years and increased oilseed production in other areas. Subregional fats and oils production in 1973 was expected to total 409,000 tons, compared with 346,000 tons in 1970. Total imports declined from 227,000 tons in 1970 to about 170,000 tons in 1973. The cost of these imports was much more for 1973 than for 1970, however, because of generally higher prices for most commodities. In intraregional trade, Colombia sold oilseed cake to Chile and Peru in 1972.

Major exports of the region include coffee, sugar, bananas, cotton, and cacao—together accounting for 95 percent of the subregion's agricultural exports. Exports of these commodities rose only 1 percent in volume from 1970 to 1972, but were expected to increase by 8 percent in 1973.

Coffee production has declined about 10 percent in the 1970-73 period because of weather and other factors, but exports rose minimally from 500,000 tons to 525,000 tons, resulting in stock drawdowns. The value of sales by coffee-producing Pact members to nonproducers in the Pact also increased —from $380,000 in 1970 to nearly $2 million in 1972, largely because of sizable purchases by Chile.

Sugar exports from the Andean region probably amounted to 727,000 tons in 1973, compared with 664,000 in 1970. The value of intraregional purchases reached $6.7 million in 1972. This was only 5 percent of total trade but three times the 1970 level. Again the increase was mainly because of larger Chilean purchases, compensating for that country's lower production.

Bananas were the only product for which prices declined during the 1970-73 period. Total exports in 1973 are estimated at $142 million. Intraregional trade amounted to $7.9 million in 1970, but was 60 percent less in 1973 because of deterioration of Chile's economy.

COTTON PRODUCTION and trade remain strong, and Bolivia recently entered the export market. The subregion was expected to export 629,200 bales in 1973, compared with 514,400 bales in 1972. Normally, intraregional trade amounts to less than 10 percent of the total. Its value declined in 1972 to about half of the 1970 level of $11 million because of a drop in Peru's fiber output.

Cacoa is exported only by Ecuador and Venezuela, with about 57,000 tons shipped in 1972 and 1973. Intraregional cacao trade currently involves only 20 percent of these exports, although it dropped by 46 percent between 1970 and 1972, largely because of reduced demand in Chile. Total export value was estimated at $6 million for 1972 and is expected to have remained about the same in 1973.

# U.S. Food Aid Down in 1974, May Rise Somewhat in 1975

***Richard E. Bell, Deputy Assistant Secretary of Agriculture for International Affairs and Commodity Programs, reviewed U.S. food aid before the Senate Subcommittee on Foreign Agricultural Policy, April 4, 1974.***

We are emerging from a year of P.L. 480 programing under which we are meeting only high priority needs—substantial concessional food aid requirements are not being met. Preparations are underway to formulate U.S. participation in the World Food Conference called for by Secretary Kissinger.

Our present estimates of Public Law 480 activity for fiscal 1974 confirm that while food aid costs may approach levels of the past few years, the quantities of commodities delivered will be the lowest sinces the beginning years of the program.

The quantity reductions vary among commodities, but overall we expect P.L. 480 exports will be down about 50 percent from fiscal 1973 deliveries. In turn, 1973 was down about 20 percent from 1972, with the impact mainly on wheat exports which fell from 237 million bushels to 154 million bushels. Wheat shipments in 1974 are expected to be less than 65 million bushels.

Public Law 480 shipments for several years through fiscal 1972 leveled off at a plateau of $1-1.1 billion annually and, with relatively stable prices, resulted in a stable volume of deliveries. The plateau represented a considerable reduction from the program peak of the mid-sixties, highlighted by massive relief shipments to India. A number of factors account for the reduced level, particularly increased grain production in many developing countries and increased food aid from Australia, Canada, the European Community (EC), and Japan.

Worldwide production problems in the 1972 crop year, along with demands stimulated by economic gains, resulted in unprecedented demands for grain imports. The tight demand/supply situation and increases in domestic food prices caused the drop in U.S. food aid. Although the drop approximates 50 percent in volume, we have been able to make substantial shipments to meet humanitarian needs.

Much of these shipments are being made under Title II of P.L. 480. It is under this authority that efforts to improve nutrition are centered and where newly developed protein foods are programed. The deliveries to voluntary relief agencies, while reduced, have been maintaind at reasonable levels. We are meeting the pledge level to the World Food Program on a dollar basis because of higher per unit costs. We have been able to lead the world in helping the Sahel countries of West Africa and Ethiopia by assuming responsibility for about 40 percent of their needs.

Our approach to meet large humanitarian needs has been in the multilateral context. On February 4, the United States pledged up to $140 million to the World Food Program, mainly in commodities and ocean transportation services for calendar 1975 and 1976. This represents 32 percent of an announced global target of $440 million for the 2-year period. For calendar 1973 and 1974, we pledged $136 million, representing 40 percent of a $340 million target.

PUBLIC LAW 480, TITLE II, EXPENSES OF SHIPMENTS, FISCAL 1973-1975:

| Commodity | Unit | 1973 Actual | | 1974 Estimate | | 1975 Estimate | |
|---|---|---|---|---|---|---|---|
| | | Quantity | Value | Quantity | Value | Quantity | Value |
| Feedgrains: | | | Dollars | | Dollars | | Dollars |
| Corn | bu. | 2,310,605 | 4,452,106 | 1,496,000 | 4,189,000 | 1,593,000 | 3,584,000 |
| Corn products[1] | bu. equiv. | 2,798,424 | 4,257,688 | 2,275,000 | 5,762,000 | 2,114,000 | 4,750,000 |
| Grain sorghum | bu. | 4,703,760 | 8,838,708 | 11,620,000 | 32,582,000 | 7,075,000 | 16,850,000 |
| Oat products[2] | bu. equiv. | 2,728,092 | 4,377,749 | 1,356,000 | 3,082,000 | 2,027,000 | 3,891,000 |
| Total feedgrains | short ton | 270,692 | 21,926,251 | 418,158 | 45,615,000 | 298,454 | 29,085,000 |
| Wheat | bu. | 25,369,207 | 50,520,374 | 7,565,000 | 34,723,000 | 12,615,000 | 47,258,000 |
| Wheat flour[3] | bu. equiv | 26,190,626 | 72,122,228 | 12,381,000 | 57,320,000 | 6,845,000 | 28,222,000 |
| Bulgur[4] | bu. equiv. | 9,410,781 | 32,056,297 | 6,623,000 | 31,833,000 | 3,767,000 | 15,815,000 |
| Rolled wheat[5] | bu. equiv. | 25,104 | 66,015 | 7,000 | 32,000 | — | — |
| Total wheat and products | bu. equiv. | 60,995,718 | 154,764,914 | 26,576,000 | 123,908,000 | 23,228,000 | 89,295,000 |
| Rice, milled | cwt. | 725,429 | 7,388,662 | — | — | — | — |
| Blended food products | lb. | 429,598,220 | 47,015,878 | 400,871,000 | 53,204,000 | 315,540,000 | 33,148,000 |
| Beans, dry edible | cwt. | — | —2,043 | | | | |
| Soybean products | lb. | 924,116 | 109,795 | 1,931,000 | 270,000 | — | — |
| Milk, dried | lb. | 56,619,116 | 19,081,338 | — | — | — | — |
| Vegetable oil products | lb. | 245,837,468 | 39,735,234 | 116,562,000 | 24,774,000 | 127,000,000 | 23,178,000 |
| Total commodity costs | | — | 290,020,029 | — | 247,771,000 | — | 174,706,000 |
| Ocean transportation | m.t. | 2,069,895 | 103,834,774 | 1,237,651 | 80,145,650 | 1,047,780 | 66,734,000 |
| Total expenses of shipments | | — | 393,854,803 | — | 327,916,650 | — | 241,440,000 |
| [1] Cornmeal | lb. | 88,557,732 | — | 71,993,000 | — | 66,900,000 | — |
| [2] Rolled oats | lb. | 60,024,024 | — | 29,827,000 | — | 44,600,000 | — |
| [3] Wheat flour | lb. | 1,180,821,727 | — | 558,187,000 | — | 308,660,000 | — |
| [4] Bulgur | lb. | 512,012,019 | — | 360,351,000 | — | 204,930,000 | — |
| [5] Rolled wheat | lb. | 397,750 | — | 388,000 | — | — | — |

These actions are consistent with our objective of spreading the responsibility for food aid more broadly in the world community.

The Title I concessional sales program also has served to meet humanitarian needs in fiscal 1974. Most of the grain and vegetable oil deliveries to Bangladesh are being made under the provisions of Title I. Bangladesh is expected to be the largest recipient of concessional wheat in 1974, with P.L. 480 deliveries being augmented by wheat financed with AID funds. Relief shipment of 60,000 tons of wheat to Pakistan also was financed under Title I as part of the 100,000 tons of wheat made available to that country to hasten recovery from its devastating flood. The remaining 40,000 tons were shipped under Title II through the World Food Program.

Priority has gone to food exports to Vietnam and Cambodia where food production has experienced serious dislocations, where our security relationships are involved, and our economic support crucial. Programing has been concentrated on rice because of the importance of this commodity to these countries. Reduced activity under Title I has had a major impact on programs where food aid is closely associated with market development and economic development objectives. Such countries as Colombia, Indonesia, Korea, and the Philippines are among those that have found it necessary to import food needs without Title I financing.

**The outlook for P.L. 480 operations during fiscal 1975 is somewhat better. The President's budget contemplates increases in volume for most categories of P.L. 480 commodities. However, the projection at this time for wheat, the most important food aid commodity over the years, is for deliveries at about the reduced level of fiscal 1974. This situation will be kept under review as U.S. availabilities and world demands become better known.**

As we look ahead further there is cause for some optimism. We are projecting U.S. production records, surpassing the bumper harvests of 1973. However, since we also project continued strong world demand we cannot predict fully the extent to which stock-building will take place around the world. Fertilizer prices and supply may figure prominently in the output of some crops. This situation will be of concern particularly in the developing countries striving to increase output with new strains of rice and wheat.

We will be watching weather patterns in developing countries of the world, particularly in Asia where the monsoon is key to crop production in the fall. India can ill afford further reverses.

We are optimistic on production in the United States. We had made available more than 40 million additional acres of cropland for production in 1973. In 1974 another 20 million acres will be freed for output. We will divert no cropland. We see an expanding U.S. capability to meet demands of this and foreign countries.

We also see a capability in the rest of the world to expand production, with the developing countries' success dependent largely on the population factor. Although our forecasts of production are optimistic, we should expect that crop cycles experienced in the past will continue. Therefore, it is prudent to undertake the kinds of review now being made of food policy.

The first preparatory committee meeting for the World Food Conference took place in February with another scheduled in June. The United States now is gearing up for this important effort and USDA is making its expertise available. Among the proposals expected to be considered at this conference will be one by Director-General Boerma of the Food and Agriculture Organization (FAO) to assure a minimum level of world security against serious food shortages and for international actions to maintain adequate basic food stocks.

PUBLIC LAW 480, TITLE I, EXPENSES OF SHIPMENTS—SALES FOR FOREIGN CURRENCIES AND FOR DOLLARS ON CREDIT TERMS FISCAL 1973-1975:

| Commodity | Unit of Measure | 1973 Actual Quantity | 1973 Actual Value | 1974 Estimate Quantity | 1974 Estimate Value | 1975 Estimate Quantity | 1975 Estimate Value |
|---|---|---|---|---|---|---|---|
| Feedgrains: | | | Dollars | | Dollars | | Dollars |
| Corn | bu. | 32,108,138 | 49,112,964 | 9,811,000 | 27,487,000 | 37,013,000 | 83,282,000 |
| Grain sorghum | bu. | 18,628,150 | 26,804,547 | 8,082,000 | 22,450,000 | 7,896,000 | 16,580,000 |
| Total feedgrains | short ton | 1,420,639 | 75,917,511 | 501,004 | 49,937,000 | 1,257,452 | 99,862,000 |
| Wheat | bu. | 93,126,984 | 208,508,316 | 37,177,000 | 167,300,000 | 46,407,000 | 171,474,000 |
| Rice | cwt. | 21,770,541 | 236,997,877 | 13,682,000 | 372,832,000 | 22,047,000 | 257,940,000 |
| Cotton, upland | bale | 612,207 | 96,989,470 | 202,000 | 62,722,000 | 426,000 | 106,550,000 |
| Cotton, extra-long staple | bale | 3,670 | 1,008,982 | — | — | — | — |
| Cotton products | lb. | 5,797,420 | 4,929,502 | 3,419,000 | 5,369,000 | — | — |
| Blended food products | lb. | — | — | 3,968,000 | 800,000 | 16,000,000 | 2,000,000 |
| Milk, dried | lb. | 4,307,936 | 1,520,197 | — | — | — | — |
| Vegetable oils | lb. | 235,276,580 | 31,830,400 | 325,380,000 | 53,689,000 | 366,849,000 | 49,524,000 |
| Tobacco (total) | lb. | 26,170,669 | 29,601,370 | 29,873,000 | 36,444,000 | 23,149,000 | 29,400,000 |
| Tallow or grease | lb. | 1,652,777 | 207,827 | — | — | — | — |
| Initial payment to exporters | | — | — | — | −9,300,000 | — | −14,000,000 |
| Total commodity costs | | — | 687,511,452 | — | 739,793,000 | — | 702,750,000 |
| Ocean transportation: | | | | | | | |
| Foreign currency | m.t. | [1] 6,303 | 2,616,925 | — | — | — | — |
| Long-term credit | m.t. | [2] 2,702,217 | 54,342,442 | [3] 1,149,113 | 26,000,353 | [3] 1,842,290 | 36,500,000 |
| Total expenses of shipments | | — | 744,470,819 | — | 765,793,353 | — | 739,250,000 |

[1] Represents ocean freight differential paid to U.S. shippers on 44.7 percent of tonnage shipped on U.S. flag vessels at average rate. [2] Represents 53.4 percent of shipments on U.S. flag vessels at average rate. [3] Represents 50 percent of shipments on U.S. flag vessels at average rate.

# Most Near East Countries Expect Big Gains in '74 Wheat Harvests

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WHEAT PROSPECTS in the Near East have brightened considerably, except in Turkey. Outlook now is for above-average harvests in Iran, Jordan, Iraq, Lebanon, Israel, Syria, and Cyprus. But import requirements this year—with the possible exception of Turkey—may not necessarily be lower than in 1973 if stockpile programs are carried out.

Last year, the Near East experienced generally lower wheat harvests, led by Turkey with a decline of about 16 percent below the excellent 1972 crop. A general drought, affecting many of the countries, left Jordan with its poorest wheat output in years.

In Cyprus, wheat production dropped to about 10 percent of normal harvests. Outturns were generally lower in Syria, Iraq, and Lebanon, and the net result was a substantially greater demand for U.S. wheat throughout the area.

The coming harvest is expected to be a marked improvement over last year's. The degree of improvement will depend largely on weather in the weeks immediately ahead. Rainfall in March and April was favorable.

Turkey last year continued in its wheat slump. Following a record crop of 10.7 million tons in 1971 and the 1972 crop of 9.5 million tons, which saw Turkey rebound from its traditional wheat importing posture to that of wheat exporter, the lower 1973 crop again reversed that position.

With a crop now finalized at 8 million tons, Turkey will import approximately 650,000 metric tons in fiscal 1974. This not only is a substantial amount—almost 8 percent of domestic production—but dramatically reverses the flow of wheat in a country that had exported 560,000 tons in fiscal 1973.

Of the expected total amount imported in fiscal 1974, approximately 305,000 tons will be from the United States, with the rest from Romania (225,000 tons), Canada (85,000 tons), and France (37,000 tons).

Large wheat purchases from the United States caused a sharp increase in the overall takings of U.S. agricultural products by Turkey—from $11.7 million in fiscal 1973 to an estimated $145 million in fiscal 1974. By the end of March 1974, Turkey had received approximately 270,000 tons of U.S. wheat.

Forecasting Turkish wheat production has always been a ticklish business, and present precipitation will largely determine the wheat yield. Projections of the coming crop are cautious, but production should be somewhat higher than last year. Imports for fiscal 1975 depend, of course, on the 1974 output, but could be as high as outturns in fiscal 1974. The current situation again points to the fact that weather continues to play havoc with Turkish wheat output, despite the use of high-yield varieties, both of the Mexican and the dryland variety, primarily Bezostaya.

Iran continues to rely on U.S. wheat imports to supplement the deficit in its domestic production. By the end of February 1974, Iran had taken 438,387 tons of U.S. wheat. Total shipments this year are expected to reach close to 1 million tons, with 90 percent coming from the United States. However, the figure may be somewhat lower depending on availability in the United States.

In fiscal 1973, Iran took a total of 736,000 tons, of which 638,000 came from the United States. Of the 638,000 tons, 50,350 were under Public Law 480 and 476,257 under the Commodity Credit Corporation. Forecast for the coming season is for acreage to be up to about 11 million acres, with about 3.7 million acres irrigated.

PRODUCTION OF WHEAT is forecast at 4.4 million tons, equal to the record crop of 1968. With this production, imports are expected to be about 1 million tons, all from the United States. Some stockpiling is anticipated.

Israel continues to improve its wheat productivity, but water shortages and optimum use of available land will probably never see it self-sufficient in wheat or its other grains. In 1973, Israel harvested 230,000 tons of wheat from about 250,000 acres. This output was 24 percent below the record 301,000 produced in 1972.

Wheat area has remained relatively stable since 1967. It is now considered that even under severe conditions, minimum wheat production should be around 200,000 tons, whereas the 1961-65 average was 90,000 tons. As recently as 1970, only 125,000 tons were produced.

This spectacular yield increase comes about through Israel's Green Revolution, which has proceeded quietly over the past 3 years. The use of locally developed high-yield wheat varieties, plus use of auxiliary irrigation on about 10 percent of the total wheat area, has brought about this increase.

Forecast for 1974 is presently 270,000 tons, a result of good rains. This higher crop, plus higher carryover from last year, has reduced projected wheat imports to 284,000 tons, down from 426,000 tons in fiscal 1973. While there is no definite amount projected for the U.S. contribution, it will be the major portion.

Of the 426,000 tons to be imported in fiscal 1974, the United States had already supplied 312,000 tons by the end of February.

Jordan is anticipating a complete turnabout in its total agricultural picture. Most spectacular is the forecast for wheat production, now at 225,000 tons (East Bank only), compared with an estimated 50,000 tons last year. Bountiful, widespread, and well-distributed rains, as well as some snow, provided adequate soil moisture, encouraging farmers to plant early. Rainfall recorded through March exceeded the average precipitation for the full season.

The expected wheat production in the East Bank should cover the bulk of the requirements for that area in 1974-75 and will substantially reduce import needs. Wheat imports for fiscal 1974 are estimated at 237,000 tons, with about 170,000 tons coming from the United States. Based on domestic production of 225,000 tons, preliminary estimates of imports for fiscal 1975 should be about 70,000 tons.

With an area increase to about 178,000 acres—up 12.5 percent over last year—and very good growing conditions, Lebanon expects to harvest a record 79,000 tons of wheat—and possi-

*Continued on page 15*

# CROPS AND MARKETS

## GENERAL

### PRC Precipitation Generally Lower, Sparking Water Conservation Efforts

Precipitation in general in the People's Republic of China (PRC) has been less, as of April 10, 1974, than for the same period in 1973.

Heavier than usual precipitation in the late summer and fall of 1973 in those areas, that frequently suffer from shortages, alleviated the drought in northwest and north China, which had persisted into late spring 1973. Levels of soil moisture in those areas are now equal to or higher than those at this time last year.

In other areas of China, where moisture is generally more abundant, reduced precipitation resulted in a lower level of soil moisture, but the level as of April 10 has not yet been critical to crop development.

Mention was made in late March of developing drought conditions in the Provinces of Hopeh (in the north) and Szechwan (in the southwest), which were creating some difficulties for spring farming. However, above normal precipitation the first part of April in Hopeh may have eased the situation in that Province. Furthermore, irrigation in these Provinces and in other areas of marginal rainfall was substantially expanded during the 1973-74 slack farming season. According to official reports, larger areas of winter and early spring crops were irrigated in 1973-74 than during the 1972-73 fall and spring growing periods.

Drier weather in northeast China this winter and spring enabled crop preparations to begin earlier than last year. In general, cropping activities appear to be ahead of those last year in most parts of the country. Whether these conditions create an advantage for China's 1974 crops will depend greatly on the weather from now on, particularly precipitation. Monsoons appear to be later this year, and the abundant rain accompanying this weather pattern will be required soon to supply the additional demand for water, which will materialize as vigorous crop growth commences and as temperatures rise. Officials claim that the largest area of winter crops, especially wheat, was irrigated last fall and this spring, with some of the increase resulting from a boost in irrigation facilities reportedly at an alltime high.

The extent of crop planting is not yet available. Preliminary information in the fall of 1973 indicates an acreage increase for winter wheat, as well as for rape, barley, and pulses in the southern Provinces.

Official reports indicate significant expansion of water conservancy projects (both irrigation and drainage to prevent waterlogging), natural and chemical fertilizers, farm machinery and tractors, farm tools, insecticides, and a larger supply of improved seeds. These inputs together with a greater number of trained cadre and students being sent to the countryside this spring, provide conditions for spring farming somewhat better than in 1973.

## GRAINS, FEEDS, PULSES, AND SEEDS

### Drought Reported in East European Countries

Winterkill of grain was average or below average for those countries where reports are available—Poland, Hungary, and Yugoslavia. At present, low soil moisture poses a threat to both winter and spring grains in the region. Aside from Romania, however, there have been no reports of significant drought damage to grain.

In Romania, a dry fall delayed germination of winter wheat. During September 1973-March 1974, precipitation was only 45 percent of normal and the weakened stands began to show signs of drought injury at the beginning of April. In the first 10 days of April, precipitation was negligible but, in the next 10, almost an inch fell. This was not sufficient to overcome the effects of prolonged drought, and soil moisture was only about 60 percent of normal as of April 20.

In Hungary, an unusually mild winter caused a high evaporation rate which reinforced the shortage of precipitation. Spring field work began several weeks earlier than usual. On April 17, the Hungarian press noted that drought had retarded growth of winter wheat on the lighter soils but that, in general, the crop was holding up well. Germination of sugarbeets and sunflower has been spotty and spring freezes have caused some injury to orchards. With soil moisture only 55 percent of normal as of April 20, Hungarian officials are expressing concern for spring crops.

Poland and Czechoslovakia also had unusually warm winters followed by a dry spring. From March 1-April 20, these two countries received only about ½ inch of precipitation, and soil moisture is estimated at two-thirds of normal. The Polish press stated that light rains on April 21-22 were not enough to significantly improve soil moisture levels. On April 23, the U.S. Agricultural Attaché reported that slow, steady rain was falling in Warsaw.

On April 24, it was reported that recent moderate rains had not brought much improvement in soil moisture in Czechoslovakia. April freezes damaged orchards but did not harm winter grains.

During April 11-20, Yugoslavia and Bulgaria received more than an inch of rain, bringing some drought relief and raising soil moisture to about 75 percent of normal. The Attaché reported, on April 23, that more rain is needed soon for complete recovery of winter wheat and good germination of spring crops in Yugoslavia.

### South African Corn Crop Could Hit 11 Million Tons

The South African Department of Agriculture set its second estimate for the 1974 corn crop at 10.7 million metric tons, up 300,000 tons from its earlier estimate and approaching the 11-million-ton level announced in mid-March. (Last year's production was 4.2 million tons).

Sorghum production is now estimated at 565,000 tons, compared with the earlier estimate of 512,000 tons. Heavy rains and flooding delayed harvesting, but as weather now appears to be drying up, the harvest could be in full swing by late May or early June.

### United States Extends Current Wheat Agreement Protocols

Acting Secretary of Agriculture J. Phil Campbell recently signed protocols for the United States that extend U.S. participation in the International Wheat Agreement for 1 year from June 30, 1974, when the current Agreement expires. The protocols must now be approved by the Senate.

The International Wheat Council met in February and approved the protocols that extend until June 30, 1975, the Wheat Trade Convention and Food Aid Convention, which make up the International Wheat Agreement, and to which eligible governments have until June 18, 1974, to accede.

The Wheat Trade Convention provides for consultation between member governments regarding wheat trade matters, and currently includes 44 countries plus the European Community (EC). The Food Aid Convention, involving eight countries and the EC, is a program of multilateral commitments to aid developing countries.

In signing the etxension of the Food Aid Convention, the United States also stipulated that its ratification will be contingent upon the EC's remaining a party to the Convention.

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | April 30 | Change from previous week | A year ago |
|---|---|---|---|
| | *Dol. per bu.* | *Cents per bu.* | *Dol. per bu.* |
| Wheat: | | | |
| Canadian No. 1 CWRS-13.5 | 5.90 | +12 | 3.23 |
| USSR SKS-14 | (1) | (1) | (1) |
| Australian FAQ[2] | (1) | (1) | (1) |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 4.87 | −10 | 2.87 |
| 15 percent | 5.10 | + 5 | 2.90 |
| U.S. No. 2 Hard Winter: | | | |
| 12 percent | 4.91 | −19 | 2.77 |
| No. 3 Hard Amber Durum | 7.01 | +21 | 3.13 |
| Argentine | (1) | (1) | (1) |
| U.S. No. 2 Soft Red Winter | (1) | (1) | (1) |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 3.30 | + 6 | 2.07 |
| Argentine Plate corn | 3.61 | − 2 | 2.22 |
| U.S. No. 2 sorghum | 3.14 | + 1 | 2.08 |
| Argentine-Granifero sorghum | 3.12 | + 1 | 2.06 |
| U.S. No. 3 Feed barley | 2.62 | + 2 | 1.85 |
| Soybeans: | | | |
| U.S. No. 2 Yellow | 6.40 | −10 | 7.73 |
| EC import levies: | | | |
| Wheat[3] | [4] 0 | 0 | 1.52 |
| Corn[5] | [4] 0 | −17 | 1.16 |
| Sorghum[5] | [4] .04 | −16 | 1.13 |

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [5] Italian levies are 19 cents a bu. lower than those of other EC countries.
NOTE: Price basis 30- to 60-day delivery.

## SUGAR AND TROPICAL PRODUCTS

### U.S. Cordage, Twine Industry Exempted from Price Controls

To stimulate U.S. production and relieve shortages of raw materials and processed fibers, the U.S. Cost of Living Council, effective March 26, 1974, exempted from Phase IV wage and price controls, prices charged and wages paid by manufacturers in the cordage and twine industry.

Imports of baler and binder twines during January-February 1974 totaled 26,005 long tons, compared with 22,056 tons in January-February 1973, and 111,868 tons in calendar 1973. Continued tight supplies for twine against strong preseason demand pushed the average unit import value for February to $757 a ton, compared with $302 a year earlier.

Imports of baler twine alone during October 1973-February 1974 were 51,418 tons (115 million pounds), up 12 percent from the same 5-month period a year ago, indicating some replenishing of twine supplies prior to the 1974 haying season.

Reportedly, prices to farmers for baler twine currently range upward to $25 per bale (40 lb. net) and even higher in some cases.

### Abaca Output To Increase

Prospects are for increased production of abaca in the Philippines, which accounts for about 90 percent of world production, and Ecuador, the only other country contributing significantly to availabilities.

Of an estimated total world output of 195 million pounds in 1973, Philippine production accounted for 181 million pounds. Sharply higher prices for raw fiber have brightened outlook for both Philippine and Ecuadoran production with total 1974 output forecast at 228 million pounds, an overall increase of 16 percent.

Domestic prices in the Philippines for high grade S2 fiber rose from an average of 12.9 cents per pound in February 1973 to 42.8 cents per pound at the end of February 1974.

The United States continues to lead all foreign buyers of Philippine abaca, taking 34 percent of 1973 exports of 58,307 metric tons. While the Philippine cordage industry utilizes the bulk of abaca consumed domestically, larger quantities are going into pulp and handicrafts. In many importing countries, including the United States, the use of abaca in specialty paper manufacture has assumed major importance. More information appears in the April issue of *World Agricultural Production and Trade.*

### World Sisal Production Forecast Down in 1974

World sisal and henequen production in 1974 is forecast at 1.78 billion pounds, 2 percent less than in 1973. Most of the decrease can be attributed to expectations of smaller outturns for Brazil and Kenya. Production increases are forecast for most other major producing countries, especially Angola, and to a lesser degree, Haiti, Malagasy Republic, and Mexico.

In 1973, total production was 1.81 billion pounds, up 3 percent from 1972, and 4 percent above the 1965-69 average outturn. Rapidly rising prices, along with strong domestic and foreign demand, pushed 1973 output in Brazil and Kenya well above 1972 levels. Drought continued to affect yields adversely in Tanzania, where output fell off slightly, while

Angolan production was down significantly. Mexican production of henequen was down about 3 percent from that of 1972.

Because producing countries, in general, are expanding domestic processing facilities, lesser quantities of raw fiber have been moving to traditional European processing centers. In 1972, for example, Brazil's exports of baler twine totaled 19,665 metric tons; in the first 9 months of 1973 Brazil exported 24,313 tons. Even more raw fiber is scheduled to be used in baler twine manufacture in 1974. In the United States, only one plant still processes twine from raw sisal fiber.

As of mid-April 1974, the price for Tanzanian/Kenyan sisal, UG grade, was being quoted at $1,075 per metric ton, c.i.f. European ports, compared with about $420 a year earlier. Brazilian, type 2, Bahia sisal, c.i.f. Europe, was quoted at $1,037 per ton, also up sharply from April 1973 levels. More information appears in the April issue of *World Agricultural Production and Trade.*

### Cocoa Bean Grind Lower

Reflecting tight cocoa supplies and record high prices, cocoa bean grindings in most major consuming countries during the first quarter of 1974 were off sharply from year-earlier levels.

U.S. cocoa bean grindings during the January-March 1974 period totaled 149.1 million pounds (67,631 metric tons), down 13.2 percent from the corresponding 1973 quarter when grindings were 171.7 million pounds (77,883 tons). Total U.S. grind in 1973 was revised to 613.9 million pounds (278,463 tons), compared with revised 1972 grindings of 637.2 million pounds (289,032 tons).

West German grindings amounted to 37,104 metric tons, off 9.6 percent from first quarter 1973 grind of 41,030. France's grind also fell sharply to 12,000 metric tons, down 17.5 percent from year-earlier levels of 14,549.

Grindings in the United Kingdom were down 4.5 percent to 27,737 metric tons, compared with 29,058 tons during January-March 1973. The Netherlands first quarter 1974 grind amounted to 33,430 metric tons, about unchanged from a year-earlier levels of 33,230 tons.

## FATS, OILS, AND OILSEEDS

### New Rapeseed Plant in Canada

A new rapeseed crushing mill is to be constructed at Lloydminster in Western Canada. The crushing capacity of the new plant is reportedly 600 metric tons a day or about 200,000 tons per year. Completion date is scheduled for May 1975. It will operate under the name United Oilseeds Products, Ltd. and will be run by a consortium of two Canadian firms and a Japanese firm.

### Spain's Mixed Feed Industry Ups Production, Soybean Usage

In calendar 1973, Spain's mixed feed output is estimated to have expanded to 7.1 million metric tons—12.5 percent above the 6.3 million tons produced in 1972. Soybean meal usage in mixed feed grew to an estimated 1.30 million metric tons, compared with 1.16 million tons in 1972. In 1973 soybean meal consumption in mixed feeds equaled the protein fraction of 60 million bushels of soybeans—6.5 million bushels more than in 1972.

Mixed feed production by major animal classes for 1973 (with 1972 totals in parentheses), in thousands of metric tons, was: Poultry, 3,530 (3,140); swine, 2,120 (1,880); other, 1,420 (1,260). Soybean meal utilized in mixed feeds in 1973 (with 1972 usage in parentheses) was: Poultry, 810 (720); swine, 380 (340); other, 110 (100).

### India's Exports of Cottonseed Cake and Meal Up in 1973

India's 1973 exports of decorticated cottonseed cake and meal rose to 250,627 metric tons—almost double the 127,453 tons exported in 1972. The increase reflected higher world prices and larger domestic availabilities, although no internal export incentives were set up by the Indian Government.

Nearly 60 percent of India's 1973 cottonseed cake and meal exports moved to East European countries and 40 percent to West European. This was in sharp contrast with calendar 1972 when virtually all of India's cottonseed cake and meal exports moved to East European countries.

## LIVESTOCK AND MEAT PRODUCTS

### U.S. Meat Imports Up For Calendar 1974

U.S. imports of meats subject to the Meat Import Law (fresh chilled, and frozen beef, veal, and goat meat) totaled 105 million pounds in March, 19 percent above a year earlier. Total imports of meat subject to the Law for January-March were 305 million pounds, 4 percent over 1973 data. The principal suppliers of U.S. meat imports subject to the Law for the year continue to be Australia with 148 million pounds and New Zealand with 46 million pounds.

## FRUIT, NUTS, AND VEGETABLES

### Southern Hemisphere Growers To Limit Apple Exports to EC

The five major Southern Hemisphere apple supplying countries—Argentina, Australia, Chile, New Zealand, and South Africa—have "voluntarily" agreed to limit their apple exports to the European Community (EC). The limitation will be applicable from April 1 through June 30, 1974, and will amount to 85 percent of their average exports to the EC during the same months of the 3 preceding years.

EC officials are hopeful that the voluntary agreement will defuse pressures within the Community to adopt special safeguard measures against apple imports. Presently, prices in EC markets are low and storage holdings are relatively large.

Conceivably, denial of full access to the EC market could direct more Southern Hemisphere fruit to the United States and Canadian markets.

### Canadians To Plant More Potatoes in 1974

Planting intentions for the 1974 Canadian potato crop are estimated at 268,700 acres. This is 2 percent above plantings in 1973 and 10 percent above the 1972 level. The acreage forecasts for 1974 (in acres) and changes from last year, by Provinces, are: Prince Edward Islands 41,000, no change; Nova Scotia, 4,000, up 5 percent; New Brunswick, 53,500, up 1 percent; Quebec, 50,000, up 7 percent; Ontario, 46,000, up

4 percent. Manitoba, 32,000, up 7 percent; Saskatchewan, 3,200, up 7 percent; Alberta, 24,000, up 4 percent; and British Columbia, 15,000, up 7 percent.

Canadian Department of Agriculture economists expect prices to remain strong in 1974 due to a strong demand for processing and table potatoes.

## TOBACCO

### Argentina Headed for Record Tobacco Crop

Preliminary official estimates place the 1973-74 Argentine tobacco crop at 187 million pounds, a record high. This is 15 percent higher than the 1972-73 crop of 162 million pounds.

The harvest of flue-cured and burley varieties is nearing completion but has been delayed somewhat by inadequate storage space and drying capacity.

The current crop is a continuation of a long-term up-trend in production that has displaced imports and built exports. Argentina's exports of unmanufactured tobacco increased from less than 1 million pounds annually during the early 1950's to 43 million pounds in 1972. Imports during this period decreased from 3 million pounds annually to about 500,000 pounds of oriental tobacco in 1972.

### Japanese Survey Shows Rise in Cigarette Use

The Japan Tobacco Corporation recently released the results of its 1973 nationwide survey on smoking habits. The study revealed that 78.3 percent of the men surveyed smoked while only 15.1 percent of the women smoked. This is up 0.7 percent for men and down 0.4 percent for women when compared to the 1972 survey. Based on this information, it is estimated that 33.7 million Japanese smoke. This is 640,000 more than in 1972 and about 48 percent of the total population in Japan.

Men who smoke every day consumed 22.4 cigarettes per day and spent approximately US$11.16 per month on tobacco. Every-day women smokers consumed 15.1 cigarettes per day and spent about US$7.30 per month.

Japan produced 255.7 billion cigarettes in 1972, while 1973 production is believed to have been over 265 billion. The 1972 production required 483.6 million pounds of tobacco of which 83 percent was domestic leaf, 11 percent was U.S. leaf, and 6 percent was imported leaf from other suppliers.

### Spain Increases Prices Of Imported Cigarettes

In early April, the Government of Spain increased the prices of imported cigarettes, smoking tobacco, and Cuban cigars.

The new prices range from 60.7 percent higher for one brand of king size, filter-tip cigarettes to no increase on dark cigarettes. The price of most king-size cigarettes jumped 42.8 percent from 61 U.S. cents to 87 cents. Regular-length cigarettes without filters increased 50 percent from 52 U.S. cents to 78 cents. The old prices had been in effect since 1968.

The United States shipped Spain 3.3 billion cigarettes, worth $21 million in 1973. Spain is the third largest market for U.S. cigarette exports.

The official order increasing the prices cites increased prices at origin, higher ocean and inland transportation rates, and increased marketing costs as reasons for the increase.

## Near East Wheat Harvests

*Continued from page 11*

bly even more. This harvest comes on the heels of a disappointing 30,000 tons produced in 1973 during a severe drought.

It is believed that much of the increased area was land fallowed last year because of the dry weather. Yields are forecast to be much above average, due to good moisture. Yields on irrigated wheat are not expected to change much, as practically all farmers are using high-yielding varieties.

In fiscal 1974, Lebanon is expected to import a total of just over 350,000 tons, with 37 percent coming from the United States. Forecast for fiscal 1975 is for total imports of about 300,000 tons, with about 25 percent coming from the United States. While wheat imports will be down slightly in fiscal 1975, Lebanon will still import about 80 percent of its wheat needs.

Like its contiguous neighbors to the south, Syria's winter grain crops look very good, with ample and well-distributed rainfall. Growing conditions are apparently similar to those of 1972, when Syria harvested a record 1.8 million tons. Reports from this area are sketchy. Like other Middle East countries, Syria needs rains in March and April to make the best yields, since most of the grains are rainfed.

Preliminary estimates of the 1974 crop are for 2 million tons of wheat. Imported wheat, criefly from France, totaled about 245,000 tons in fiscal 1973. Exports of wheat to Lebanon were stopped in March 1973.

Very early forecasts for Iraqi wheat production in 1974 are for close to 1.8 million metric tons. Reports received in late January indicated field conditions in north Iraq were the best in 20 years, with a good protective snow cover.

Iraqi purchases of U.S. wheat in fiscal 1974 are estimated at about 500,000 tons, and imports of an additional 400,000 tons from the United States are scheduled for fiscal 1975.

Also, Iraq is negotiating with Canada for import of some 300,000 tons of wheat yearly. This move is not necessarly contradictory to the expected good crop, as Arab governments established a policy in January 1974 of securing 2 years' stocks in basic food commodities.

Iraq reportedly has purchased 100,000 tons of wheat from Australia for delivery in 1974.

In 1973, Cyprus suffered its worst drought in a century. The disastrous grain harvest was only 15 to 20 percent of the average for the last 5 years. The 1973 wheat harvest was estimated at 12,000 tons, down from 50,000 tons in 1972, and a near-record 91,000 tons in 1971.

Total imports for fiscal 1974 are estimated at 100,000 tons, of which 41,000 tons were supplied by the United States by the end of February 1974. Cyprus is a traditional wheat importer, but this is by far the largest import amount. The previous wheat import record year was 1960.

The outlook for this year's harvest is excellent. Assuming weather conditions remain favorable, production is forecast at 100,000 tons of wheat—a record. This would cut import requirements substantially.

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FOREIGN AGRICULTURE

## Egypt Boosts Imports of U.S. Wheat and Flour

*Continued from page 6*

States, however, except in tobacco and frozen meat.

Egypt imported about 4,000 tons of Chinese flue-cured tobacco last year—accounting for about one-fourth of total tobacco imports. The People's Republic of China is also an important supplier of frozen beef, mutton, poultry, pulses, and tea. Egypt pays for imports of Chinese products through its exports of cotton.

Cotton, cotton products, and rice also provide payment through trade agreements for imports from India and Eastern Europe. India is a major supplier of tea, spices, and jute products. Although industrial products account for most imports from Eastern Europe, some farm items are received. Tobacco is imported from Bulgaria, Poland, Yugoslavia, and Hungary. Cheese is imported from Czechoslovakia and East Germany.

Lebanon and Syria provide decidious fruits and tobacco to Egypt. The Sudan, Ethiopia, and Somalia are important sources of cattle, camels, and sheep imports.

Trends in Egypt's food consumption, agricultural output, and trade patterns indicate that agricultural imports in the late 1970's might reach $1 billion. Consequently, imports of U.S. farm products in the next few years could rise well above the highest levels previously recorded, particularly if Egypt's foreign exchange problems are resolved.

Financial arrangements with Saudi Arabia, Kuwait, and Libya that provided a substantial inflow of convertible currency in 1973 are scheduled to provide even more in 1974. Investments in hotels, apartment buildings, petroleum pipelines, and refineries from foreign sources are receiving favorable treatment. These investments usually involve considerable transfers of convertible currency to Egypt.

Over 200,000 Egyptians work in other Arab countries as technicians and teachers. Part of their salary is sent home in the form of convertible currency—thus adding to the country's foreign exchange holdings.

The reopening of the Suez Canal—possibly by the end of 1974—will prompt a resumption of income from toll fees. In 1966, the last full year of operation, tolls for ships passing through the Canal reached $200 million. The oil pipeline from Suez to the Mediterranean will also provide additional income that can be used to pay for food imports.

Egypt's exports reached $1 billion for the first time in 1973. Higher prices for cotton—over 95 U.S. cents a pound for top grades of extra-long staple—shipped to Western Europe and Japan contributed to the rising value. Continued expansion of exports of cotton textiles, oranges, furniture, cosmetics, and alcoholic beverages to the USSR also helped boost export value.

Egypt is increasing exports of fresh vegetables to Western Europe and the Mideast. Egypt has an ideal winter climate for vegetables, and is called "a natural greenhouse" by some horticulturists. Supplies of irrigation water for vegetable growing have been augmented by the Aswan High Dam.

Unfortunately, cropland covers only 3 percent of Egypt's area, and urbanization has already replaced some farmland that was productive 10 years ago. Egypt must increase crop yields through greater fertilization just to meet the rising food needs of the rural population—leaving city dwellers to obtain more of their supplies through imports.

In December 1971, Egypt and the U.S. Commodity Credit Corporation signed an agreement rescheduling Egypt's past-due CCC credit obligations to the United States. The agreement provided that new credits, amounting to 95 percent of repayments of principal on the consolidated debt, would be made available to Egypt at its request during the repayment period. Egypt is now current in such payments.

In line with the terms of the agreement, a line of CCC credit in the amount of $24.7 million was announced April 10, 1974. It provides $4 million for purchases of U.S. corn, no more than half to be shipped before October 1, 1974. Other commodities will be specified later. The credit period is 36 months, with equal annual payments of principal plus accrued interest. The line is effective through December 31, 1974.

This credit line is similar to the two lines set up in 1972, also under the provisions of the rescheduling agreement. These amounted to slightly more than $11 million each, and the commodities financed were vegetable oil, tallow, and tobacco.



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